

THE WINSTON CHURCHILL MEMORIAL TRUST OF AUSTRALIA

AN INVESTIGATION OF INDIGENOUS ECONOMIC
DEVELOPMENT PROJECTS THAT PROMOTE ECONOMIC SELF
DETERMINATION AND PENETRATION OF MAINSTREAM
BUSINESS SYSTEMS, NETWORKS AND CULTURE

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Signed *Andrew West*

Dated 24/11/04

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1. EXECUTIVE SUMMARY

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Fellowship Objective

To investigate indigenous economic development projects that promote economic self determination and penetration of mainstream business systems, networks and culture.

Fellowship Highlights

Sámediggi. The elected assembly underpins the cultural development of the Norwegian Sámi people. Established in 1989, thirty nine representatives from thirteen electoral districts are directly elected for four years terms.

Aboriginal Business Canada. One of the two main Federal Canadian Government Agency which addresses issues of indigenous business establishment and growth in Canada.

Indian and Northern Affairs Canada. The second of the two main Federal Canadian Government Agency which addresses issues of indigenous business establishment and growth in Canada.

Six Nations of the Grand River. A Canadian Aboriginal organisation occupying 18,000 hectares of prime farming land on the Grand River. A forward thinking organisation which welcomes managed change, especially in the areas of small business and employment development for youth.

Ngai Tahu Holdings Group. Settlement of the Treaty of Waitangi provided the Ngai Tahu people with a substantial financial base which has grown under expert financial management. Benefits are now beginning to flow to individual members in a novel way.

Te Runanga O Te Rarawa. An organisation in the north of New Zealand, representing a smaller group who have not settled under the treaty of Waitangi. The organisation is considering plans post settlement by discussing restructuring to allow for investment along similar lines to the Ngai Tahu.

Main Conclusions

From Canada, a wide range of assistance is available with a strong emphasis on equity provision and less on loans. Partnerships amongst Aboriginal organisations in delivery of programs is a feature. Devolvement of programs to the Aboriginal community level has largely occurred. Organisations have been developed with real economy of scale to deliver business and economic development. Preference and assistance systems have been developed for Aboriginal businesses to win government business.

From Norway, bicultural competence, where it can be achieved, provides a sound basis for taking a full part in either the predominant or the indigenous culture's economic system. Understanding and being able to use the language of power (the language of the dominant culture) provides the minority culture with the ability to provide a different view of how things are, which includes the minority culture, amongst other things, in the economic system. Economic development programs have been developed, which take into account traditional ways of farming and fishing. This approach is similar to what is referred to in some Australian Indigenous communities as the hybrid economy.

From Aotearoa (New Zealand), organisations are using Ngāi Tahu, the first and largest group to settle under the Treaty of Waitangi, as a model for development. Settlement, that is, a large injection of cash, has provided economies of scale for Maori organisations to develop economically. Maori organisations have recognised the need for expert managers and skilled board members. Sound governance is essential. Use of traditional Maori beliefs have been used to "sell" the economic development strategy.

Dissemination

Email copies will be sent to all Aboriginal Regional Councils, to all Indigenous Coordination Centres and to all CDEP organisations in Australia.

Provide hard copies to the Employment and Workplace Relations Minister's office and the Immigration & Multicultural & Indigenous Affairs Minister's office.

Publish on my proposed website.

2. RECOMMENDATIONS

Recommendation 1: That Government gives serious consideration to providing a fuller range of financial assistance, along the Canadian model, to stimulate economic activity in the Indigenous sector.

Recommendation 2: That Government gives serious consideration to providing equity assistance to Indigenous organisations and individuals along the Canadian model.

Recommendation 3: That Government gives serious consideration to providing significant seed capital to appropriate Indigenous organisations so that an economy of scale can be developed for the purposes of investing for the future economic development of Indigenous people.

Recommendation 4: That Government develops, after due consultation with Aboriginal people, a set of legislative guidelines, to manage capital invested for the purposes of economic development.

Recommendation 5: That Aboriginal organisations give serious consideration to creating partnerships amongst themselves to assist in creating an economy of scale for the purposes of economic development, investment and the delivery of Government programs.

Recommendation 6: That Government develops, after due consultation with Aboriginal people, a set of legislative guidelines, to create Aboriginal organisations with an economy of scale which will allow them to invest capital and for the purposes of economic development and deliver Government programs.

Recommendation 7: That Aboriginal organisations give serious consideration to employing skilled management and board members regardless of their ethnicity, and this becomes a guiding feature of their governance structure, to ensure investments and enterprises develop the economy for Aboriginal people.

Recommendation 8: That Government gives serious consideration to the development of preference and assistance systems for Aboriginal businesses to win Government business.

Recommendation 9: That Government gives serious consideration to developing programs and policy to assist the hybrid (traditional and contemporary) economy in appropriate Aboriginal communities.

Recommendation 10: That Aboriginal communities place considerable emphasis on encouraging young people to achieve bicultural competence by achieving in the contemporary education system and in traditional Aboriginal education.

3. INTRODUCTION

It is well known that Indigenous people in Australia, on average, enjoy a standard of living well below that of other Australians. It is also starting to be accepted that poor economic progress affects other aspects of Aboriginal people's lives including health, education and employment. Prominent Aboriginal people like Noel Pearson have been advocating giving more significance to economic development for some time now in the expectation that improvement in this area will lead to improvements in other areas like employment and health.

The overseas study tour that this paper documents provides what might be viewed as a series of transitions towards more stable economic development in Australian Indigenous communities. Communities in Norway, Canada and New Zealand all had something to offer in terms of providing roads towards a better future for Aboriginal Australians. While all was not found to be perfect in these countries, far from it from an Indigenous person's point of view, all had areas of development that are not currently being explored in Australia.

“We won't get our sovereignty by running to the Crown [Government]. We'll get it by giving people wealth and giving them opportunity in life.”¹

Governments in Australia are beginning to explore these avenues but communities themselves have not yet fully assessed or accepted these avenues towards economic and cultural sustainability.

Canada in many ways is very similar to the Australian situation in regard to Indigenous economic development but with some significant programme differences. There are possibilities here to improve the delivery of Government programs.

New Zealand has developed significantly further at the broader community scale than many Australian Indigenous organisations. It is fair to say that settlement under the Treaty of Waitangi has provided a head start to those organisations who have reached agreement. There are some lessons here for organisations in Australia thinking about setting up similar investment organisations.

While the situation for most Sámi in Norway is very different to Indigenous Australians, there are developments in Norway which provide a guide to a possible future in terms of maintaining cultural significance after achieving economic progress. The Sámi found that economic progress has not automatically lead to cultural and political satisfaction.

Note: References to amounts available for various programs and budgets in this report have been converted to Australian dollars to provide a more meaningful comparison for Australian readers.

At the time of conversion in November 2004:

- ◆ 1 Canadian dollar equalled 1.07 Australian dollars;
- ◆ 1 New Zealand dollar equalled 0.95 Australian dollars; and
- ◆ 1 Norwegian Kroner equalled 0.21 Australian dollars.

4. PROGRAMME

NORWAY

2 August to 13 August

Oslo – Ministry of Local Government and Regional Development

Oslo – Norsk Folkemuseum

Kirkenes – The Barents Secretariat

Nesseby - Várjjat Sámi Museum

Karasjok – The Sámi Parliament

Karasjok – De Samiske Samlinger

Kautokeino - Juhls' SilverGallery

CANADA

15 August to 10 September

Aboriginal Business Canada

Six Nations of the Grand River

Royal Toronto Museum

Two Rivers Community Development Centre

Planet IndigenUs International Multi Disciplinary Arts Festival

Woodland Cultural Centre

Grand River Employment and Training (GREAT)

Silu' Corporation

Ontario Native Affairs Secretariat

Indian and Northern Affairs Canada

NEW ZEALAND

12 September to 24 September

Te Runanga O Ngai Tahu

Ngai Tahu Holdings Group

Te Runanga O Te Rarawa

Waitangi Treaty Grounds

5. DEVELOPMENTAL DIVERSITY: ABORIGINAL CANADIANS

The striking feature of economic development among First Nations or Aboriginal people and communities in Canada is the range of assistance programs available. It is notable that both the National Government and the Provincial Government of Ontario take an active part in providing programs specific to Aboriginal Peoples.

Three main government organisations are involved. Two National Government Departments, Industry Canada and Indian and Northern Affairs Canada, and the Ontario Native Affairs Secretariat from the Provincial level, which is equivalent to a State Government in Australia.

5.1 INDIAN AND NORTHERN AFFAIRS CANADA (INAC)

The Department's primary role is to support Aboriginal Peoples in developing healthy, sustainable communities and in achieving their economic and social aspirations. The vast majority of programs and services are delivered in partnership with First Nations, who directly administer 85 percent of Indian and Inuit Affairs Program funds.

The policy underpinning the developmental tools provided by INAC are highly influenced by the Harvard Study² and have four main areas of assistance.

1. Enhancing Economic Capacity.
2. Economic Infrastructure.
3. Improving Access to Resources.
4. Improving Access to Capital and Markets.

1. Enhancing economic capacity

The Community Economic Development Program (CEDP) provides long term employment and business development opportunities to First Nations by making available the means to effectively manage skill development programs, economic institutions and business enterprises. This is achieved by forging partnerships among Aboriginal peoples, various levels of government and the private sector, thereby attaining an economy of scale.

CEDP provides funding for the establishment and operation of 505 Community Economic Development Organizations (CEDOs).

Services provided by CEDOs include:

- ◆ developing community economic strategic plans;
- ◆ advisory services;
- ◆ planning business or resource development projects;
- ◆ contributions, repayable contributions or loans to community members for training, business or resource development projects;
- ◆ holding equity positions in private or community enterprises;
- ◆ job related training and employment programs; and
- ◆ managing financial and technical services.

2. Economic Infrastructure

The Regional Partnership Fund promotes participation in major regional economic development initiatives through support for the development of economic infrastructure.

Economic infrastructure is a physical undertaking which sets the stage for commercial or industrial development. The fund will not finance actual commercial or industrial development. Infrastructure includes energy production and distribution systems, access roads, airstrips, terminals, wharfs, harbours and site services for commercial developments.

Aboriginal organisations can apply for two thirds of total projects costs for activities including:

- ◆ detailed engineering feasibility and design studies;
- ◆ infrastructure construction; and
- ◆ commissioning and start-up.

3. Improving Access to Resources

The Resource Partnerships Program funds activities leading to the creation of joint working agreements. These are partnership agreements in which the parties commit to enhancing Aboriginal participation in resource development. The goal is to obtain economic benefits from major regional resource development projects for Aboriginal communities. Projects must be related to large scale resource developments in the areas of mining, forestry, energy development, resource based tourism, fisheries or agriculture.

The fund will provide up to 50% of costs which may include:

- ◆ the conceptualisation of partnerships including partnership opportunity identification, community and regional consensus building, and setting community and regional priorities (up to 90% of these costs may be included);
- ◆ project feasibility studies;
- ◆ technical analyses;
- ◆ an economic infrastructure needs analysis;
- ◆ human resource and skills training needs analyses and planning;
- ◆ an environmental impact assessment if required to obtain a licence or permit;
- ◆ business plans and market analyses; and
- ◆ negotiations.

The First Nations Forestry Program is in response to the essential spiritual, social and cultural position the forest has in the lives of First Nations peoples. The aim is to maintain traditional connections with the land while developing an economic base and preserving principles of sustainable forestry management. The program is a joint initiative between INAC and another National Government department, Natural Resources Canada.

4. Improving Access to Capital and Markets

Equity programs include the Economic Development Opportunity Fund, the Resource Acquisition Initiative and the Major Business Projects Program. The Equity Programs provide financial aid in the form of matching equity funding. The objective

is to use the funding to obtain conventional debt financing for business start-ups, expansions and acquisitions. First Nation businesses receive the funding through their Community Economic Development Organization.

The Equity Programs fund the equity gap after all other potential sources of funding have provided their maximum contribution to the financing of the business.

Key funding limits include a maximum program contribution of \$3 million and cannot exceed the equity gap. The applicant must contribute at least 10% toward eligible capita, and operating costs in cash. Where community ownership is less than 100%, pro rata funding can apply.

The Aboriginal Business Development Initiative provides financial support to strengthen the institutional capacity of Aboriginal financial institutions, to lever private sector financing to increase the loan base, and to ensure national availability of developmental lending. The National Aboriginal Capital Corporation Association is the Program Manager for this initiative.

Programming comprises the following components:

- ◆ An interest rate buy-down for qualified Aboriginal Financial Institutions (AFIs); (Interest Rate Buy-Down Fund);
- ◆ Selective credit enhancement support for qualified AFIs; (Credit Enhancement Fund);
- ◆ An enhanced access loan fund for areas not serviced by AFIs;(Enhanced Access Fund); and
- ◆ A program providing generic developmental products and services for AFIs and AFI training and development services comprising customized counselling and mentoring for individual AFIs; (Support and Training Fund).

The Aboriginal Contract Guarantee Instrument is designed to provide qualified Aboriginal contractors and service providers with an equivalent to mainstream surety bonding. This instrument is intended to help level the playing field for Aboriginal businesses to increase their capacity to take advantage of opportunities like those created through the federal government procurement strategy as well as compete in the mainstream marketplace where surety bonds and guarantees are required.

The instrument provides three forms of contract guarantees including bid guarantees, performance guarantees and payment guarantees.

The instrument is delivered nationally through the Silu' Corporation, a subsidiary of the National Aboriginal Capital Corporation Association, and in partnership with the surety industry. In remote regions, Aboriginal Financial Institutions assist in delivering the program.

The Procurement Strategy for Aboriginal Business is designed to help Aboriginal firms do more contracting with all government departments and agencies. The strategy reserves all contracts that serve a primarily Aboriginal population, and are worth more than \$5,000, for competition among qualified Aboriginal businesses.

5.2 INDUSTRY CANADA

Aboriginal Business Canada (ABC) is an Industry Canada program that promotes the growth of commerce as one means towards economic self-sufficiency for all Aboriginal people. ABC is a semi autonomous government body reporting directly to minister through the National Aboriginal Economic Development Board.

ABC works in partnership with Aboriginal financial and business organisations, and with a range of other agencies, boards and departments on initiatives to help strengthen business skills and promote greater awareness of Aboriginal business achievement. Where funding is available through other government agencies, “stacking” is allowed. Stacking is the process of gaining public funding from a number of sources. In Australia this is sometimes referred to as “double dipping.”

Most ABC contributions are made to small and medium-sized businesses in the form of non repayable equity contributions. In some circumstances contributions are repayable.

Assistance is provided for first time entrepreneurs and existing businesses proposing to carry out a new commercial activity. Current areas of priority are:

- ◆ tourism;
- ◆ manufacturing;
- ◆ business, professional, scientific or technical service business; and
- ◆ a business linked to a specified major development.

For those already operating a business, costs may be available to cover business planning, capital costs, marketing and business support related to activities such as:

- ◆ expanding sales into other regional, national or international markets;
- ◆ improving business processes, productivity or sales through technology or other improvements; and
- ◆ developing, enhancing and commercialising new or existing products, technologies, systems and processes.

Requests for financial support are assessed on viability. The minimum cash equity required is 15 percent.

Aboriginal people between the ages of 18 and 35 can receive broader support for a business opportunity in any sector. The minimum cash equity required is 10 percent. Contributions are available to help:

- ◆ establish, acquire or expand a business;
- ◆ source financing;
- ◆ access markets; and
- ◆ develop the specific management skills you will need.

ABC provides a financial package which it considers to be essential to ensure success. General levels of assistance for various activities are limited according to the following table.³

ACTIVITY	TYPICAL CONTRIBUTION LEVEL
Develop business plan, marketing plan or feasibility study	Up to 75%
Establish/acquire a business or acquire information technology	30-40%
Expand a business or develop new products, services or production processes	30-40%
Inventory costs	Varies
Operating costs	Varies
Implement marketing initiatives	Up to 60%
Project related management, technical and entrepreneurial training	75%
Accounting & professional business advice after establishment of the business	75%

Support is also provided to Aboriginal organisations for eligible activities designed to improve the business climate for Aboriginal firms in Canada. Activities include:

- ◆ organisation or coordination of business specific conferences, trade shows or other events or initiatives related to innovation, trade and market expansion, tourism, youth entrepreneurship development, business financing, or entrepreneurial and institutional capacity building; and
- ◆ private sector led development of economic research, sector information and analysis, or other material, which increases the shareable data available on the progress of Aboriginal enterprise in Canada.

Support for this kind of activity is intended to result in widespread benefit. Direct financial benefit does not result for the applicant. Results of the initiative are expected to be shared through publishing reports. For these types of projects the equity requirement may be waived.

5.3 ONTARIO NATIVE AFFAIRS SECRETARIAT (ONAS)

ONAS coordinates the Building Aboriginal Economies strategy which encompasses 35 programs across 11 Ontario Ministries.

Some of the programs most relevant to the development of Aboriginal businesses are outlined here.

The Aboriginal Community Capital Grants Program promotes Aboriginal self reliance by funding community facilities that provide a delivery point for community services and business activity. It provides grant funds in support of construction, acquisition, renovation and expansion of community centres, small business centres and business parks, and for feasibility studies leading to the development of these.

The Native Small Business Centres element of the program assists with the development of small business centres and business parks, which support the development of commercial economic activity, entrepreneurial activities, and opportunities for business development in Aboriginal communities. Funding is available for feasibility studies as well as for acquisition, construction or renovation of eligible facilities.

Three Aboriginal organisations deliver the program at the community level as project consultants.

Funding available is up to a maximum of 75% of the project costs to a maximum of \$53,500 for a feasibility study. Communities are then able to receive a maximum of 75% of construction costs up to a maximum of \$320,000. Remote communities are able to receive up to \$535,000.

The Access Centre for Native Business, operated by the Southern First Nations Secretariat promotes, supports and markets quality Aboriginal products and services. The centre's services include matching joint venture partners, facilitating bid matching processes for the procurement and coordinating training for entrepreneurs.

The Ontario Aboriginal Economic Development Program (OAEDP) promotes economic development in Aboriginal communities throughout Ontario.

OAEDP has three components of program funding:

- ◆ Organizational Development - maximum funding of \$16,000;
- ◆ Economic Capacity Building - maximum funding of \$26,750; and
- ◆ Business Development - maximum funding of \$53,500.

The program is delivered by Southern First Nations Secretariat, an Aboriginal organisation selected through a tendering process.

The Working Partnerships program is the centrepiece of the Building Aboriginal Economies strategy, focusing on promoting economic partnerships between Aboriginal communities and businesses and the corporate sector.

The program encourages partnerships through a number of initiatives, including:

- ◆ Partnership Development Advisors;
- ◆ Working Partnerships Advisory Committee;
- ◆ Ontario Aboriginal Partnerships Recognition Award;
- ◆ Ontario Aboriginal Partnerships Recognition Scholarships;
- ◆ Aboriginal Business Development Online Web Site; and
- ◆ Ontario Aboriginal Partnerships Development Resource Kit.

5.4 CONCLUSIONS FROM CANADA

- ◆ A clearly defined strategy exists at both Provincial and National levels for Aboriginal economic development.
- ◆ A level of cooperation exists at between the Provincial and National levels.
- ◆ A wide range of assistance is available with a strong emphasis on equity provision and less on loans.
- ◆ A National Government Department, responsible for Aboriginal economic development exists.
- ◆ Partnerships amongst Aboriginal organisations in delivery of programs is a feature.
- ◆ Devolvement of programs to the Aboriginal community level has largely occurred.
- ◆ Organisations have been developed with real economy of scale to deliver business and economic development.
- ◆ The private sector is a key partner in economic development.
- ◆ Some equity is required to be made available by fund recipients.
- ◆ Non repayable funds create extra equity which makes approaching commercial lenders more viable.

- ◆ Support is provided from the micro business level through to major resource based developments.
- ◆ Development occurs in consultation with Aboriginal peoples.
- ◆ Developments occur in traditional and non traditional areas of the Aboriginal economy.
- ◆ An Indigenous financial institutional capacity has been developed.
- ◆ A support mechanism exists for Indigenous financial institutions.
- ◆ Preference and assistance systems have been developed for Aboriginal businesses to win government business.
- ◆ Development of start up and existing Aboriginal businesses has been prioritised to particular areas of operation.
- ◆ Individual government departments have prime responsibility for development, but many others also have strategies for assisting development.
- ◆ Assistance at the national and provincial level (at least in Ontario) appear to be well coordinated.
- ◆ The Ontario Government makes up for a lack of program funding by promoting Aboriginal economic development through its departments.

6. CULTURAL AND ECONOMIC EVOLUTION IN SÁPMI

Sámi, the indigenous people of Norway, receive a contemporary Western style education. They also receive a sound grounding in Sámi culture at home. This is a generalisation of course but most Sámi will acknowledge the benefits of these learning traditions. One of the major benefits is bicultural competence.⁴ Mastering both Sámi and non Sámi ways of economic life has allowed Sámi people to take a full part in the Norwegian economy while maintaining cultural links to the past. It is important to note that there have been many young people who have completed their schooling without achieving a firm bicultural competence and those people have subsequently experienced difficulties.

But understanding the language of those in power and being able to use it provides the Sámi with the tools to argue within Norway for a different understanding of how things are, that is, that there is a strong Sámi culture and community within Norwegian society that should be acknowledged and accommodated. Achievement of the ability to communicate the differences means that these communication skills are of great importance to them as individuals and to the Sámi people as a whole. For those who achieve bicultural competence, the ability to achieve within the mainstream of the Norwegian economy is enhanced.

The concept of bicultural competence is reflected in a number of accomplishments within Norway and beyond its borders which are worth reflecting on in relation to the Australian Aboriginal context.

While economic and cultural issues are often intertwined when there is conflict between cultures in an indigenous context, the concerns of the Sámi in Norway are more culturally than economically based. There are however, some economic issues to be considered. The very genesis of the Sámi Parliament was as a result of the Norwegian Government wanting to build a dam which would destroy a region containing a significant repository of Sámi culture and a swathe of economically important Sámi land.

6.1 THE SÁMEDIGGI

The Sámediggi (Sámi Parliament) was established by an act of the Storting (Norwegian Parliament) in 1997. The act enables the Sámediggi to “protect and develop [the Sámi peoples’] language, culture and social life.”⁵

The Sámediggi carries out the administrative tasks formerly dealt with by the Norwegian Sami Council, which was appointed in 1965 as a national advisory body to central and local authorities. Today the Sámediggi also carries out many administrative tasks formerly conducted by central government where issues relate to the Sámi. The total budget is over \$82 million.

There are 39 representatives in the Sámediggi, three representatives from each of 13 electoral districts. Seven political groupings are represented. As at the end of 2001, over 10,000 Sámi people were registered on the electoral register.

Of most interest from an economic development point of view is the Sámi Development Fund. The fund is open to community organisations and individuals. The total amount available is about \$4.5 million and is oversubscribed. Generally up to \$10,000 is available for start up businesses and decisions are made administratively according to criteria set from time to time. Amounts greater than this must go to the Sámediggi for a decision.

The Sámediggi is charged with promoting economically, socially and culturally important measures. Programs developed include the traditional areas of reindeer herding, fishing and farming.

Reindeer herding is generally accepted as fundamental to Sámi culture. It is by law an exclusively Sámi economic activity. The purpose of the Reindeer Herding Act of 1978 is to ensure that the reindeer grazing lands are utilized in a way that is beneficial to society, while protecting the rights of those involved in reindeer herding, safeguarding their economic and social way of life, and preserving reindeer herding as an important factor of Sámi culture.

Farming in the Sámi areas has been carried out in combination with other economic activities such as fjord and freshwater fishing and trapping. Many Sámi have chosen to maintain the traditional combined form of primary industries, as this has always been a part of Sami culture and life. A majority of these have, however, not been in the position to benefit adequately from the existing economic agreements between farming and fishery organisations and the Government.

In 1988 a Government report pointed out that strengthened Sámi economic activities and improved conditions for combined primary industries would fulfil policy objectives of maintaining settlement in regional areas and the minority policy objective of promoting the Sámi culture and way of life. A program to fulfil these aims is now being conducted by the Sámediggi .

Fisheries are currently being considered by the Sámediggi and negotiated with the Norwegian Government as the Sámi claim that any provisions or regulations concerning sea fisheries should consider the importance of the fisheries as an economic basis of Sami culture.

6.2 SISTER SÁMEDIGGI RELATIONSHIPS

Externally the Sámediggi has a number of cross border relationships and support mechanisms. The Swedish Sámi Parliament is mainly a state administrative agency so has limited decision making powers. Established on 1993, elections are held to elect 31 members every four years.

In Finland the Sámi Parliament was formed out of a reorganisation of a delegation for Sámi affairs. It is not a part of public administration or government department, so the 21 representatives, elected every four years, are able to act independently.

The Sámi Parliamentary Council is a cooperative body with representation from the three Sámi Parliaments. The Sámi people of Russia take part as observers.

The Council's purpose is to work on issues affecting Sámi people across national boundaries including art and cultural affairs, the Barents cooperation, the Arctic Council, Interreg and issues relating to indigenous peoples in the United Nations.

6.3 INTERREG

Interreg is a program operated across the Sápmi (areas of Norway, Finland, Sweden and Russia populated by Sámi). Funded by the United Nations and participating governments, the current budget of 1.8 million Australian dollars funded such projects as a Sápmi choir, a profile of reindeer meat, handcraft support and salmon fishing.

6.4 BARENTS COOPERATION

The Barents Cooperation and the Barents Council is “unique in international politics.”⁶ Established in 1993, the organisation is an agreement between 13 districts (roughly equivalent to local government areas in Australia) across Russia, Finland, Sweden and Norway. For many people in the region this restored some of the political historic reality of the region.

Programs for cooperation across the regions currently cover Industrial and Commercial Development, Education, Environment, Health Welfare and Culture, and Indigenous Peoples. These programs also collaborate with the Interreg programs outlined previously.

Some of the projects carried out under the Barents Cooperation which relate directly to indigenous peoples include:

- ◆ Ability of Russian indigenous peoples, the Nenets, Veps and Sámi to renew traditional cooperation with Sámi in Norway, Sweden and Finland;
- ◆ Health including the purification of drinking water;
- ◆ Language laboratories;
- ◆ Computer training and linking to the internet;
- ◆ Environmental protection in areas important to indigenous peoples particularly where commercial activity and gas and oil exploitation is taking place;
- ◆ Upgrading of a meat works in a cooperative arrangement between a Norwegian commercial firm and a Nenet organisation in Russia; and
- ◆ A catalogue of Sámi publications across the region.

These multilateral projects provide an insight into how “equivalent institutions in the individual countries”⁷ can work together to achieve outcomes that benefit all participants.

6.5 CONCLUSIONS FROM SÁPMI

- ◆ Bicultural competence, where it can be achieved, provides a sound basis for taking a full part in either culture's economic system.
- ◆ Understanding and being able to use the language of power (the language of the dominant culture) provides the minority culture with the ability to provide a different view of how things are, which includes the minority culture, amongst other things, in the economic system.
- ◆ This can lead to a better acceptance and accommodation of the minority culture.

- ◆ Indigenous elected assemblies are alive and well in Scandinavia with varying degrees of autonomy.
- ◆ Economic development programs in Norway focus on, but are not exclusively limited to, traditional activities.
- ◆ Reindeer herding is exclusively an indigenous economic activity and this exclusivity is protected by an act of the Norwegian Parliament.
- ◆ Economic development programs have been developed which take into account traditional ways of farming and fishing (similar to what is referred to in some Australian Indigenous communities as the hybrid economy).
- ◆ Cooperation with other indigenous peoples in the region is providing benefits to all involved.
- ◆ Traditional alliances are being reconnected after being broken by modern international boundaries.
- ◆ Cooperation with European Union, United Nations and other programs have benefited indigenous peoples in the region.
- ◆ Cross border and cross institutional cooperation is achieving results.

7. MAORI IN WAITANGI SETTLEMENT TRANSITION

In recent years the Maori in Aotearoa (New Zealand), have begun to settle with the Government under the Treaty of Waitangi. The Treaty was made between Queen Victoria and over 500 chiefs of Maori peoples in 1840. It guaranteed rights for both Maori and non Maori people.

After protracted legal argument in the last years of the twentieth century, the Treaty was found to be as relevant today as it was in 1840. Settlement under the Treaty has been on a tribe by tribe basis. Some groups have settled, others are yet to reach a settlement. Settlement recognises the Crown's failure to honour obligations made over the last 150 years including an apology by the Crown for its grave wrong doings and a mix of cash, land and new legal provisions.

Fishing rights have also been recently settled by an Act of Parliament which provides a mix of cash, fishing quota and shares in a major fishing company on a pro rata basis according to a group's size. Size is measured by the number of members and the amount of coastline the group occupies. The settlement is likely to cost the Government about \$NZ 1 billion.

This report is not about the details of settlement, nor essentially about settlement at all. It is about how one group restructured to ensure its financial future after settlement. It is also about how another group, which has not settled, is preparing itself for a financial future after settlement.

7.1 TE RŪNANGA O NGĀI TAHU

The Ngāi Tahu takiwā (tribal district) occupies the majority of Te Waipounamu (South Island) of Aotearoa and has a membership of about 35,000 people. Under settlement of the Treaty of Waitangi in 1998 Ngāi Tahu received \$153 million, providing a platform for future social and economic development, and a right of first refusal for Crown assets within its takiwā that may be sold in the future.

To manage these assets Ngāi Tahu formed the Ngāi Tahu Holdings Group, which is separately and fully owned by the Ngāi Tahu Charitable Trust. This action separated out the commercial operations from the political and social areas of Te Rūnanga O Ngāi Tahu, the main body representing the Ngāi Tahu people. An independent Board directs the operations of the Ngāi Tahu Holdings Group whose sole job it is to ensure the continuing wealth of Ngāi Tahu through the profitable operations of the group.

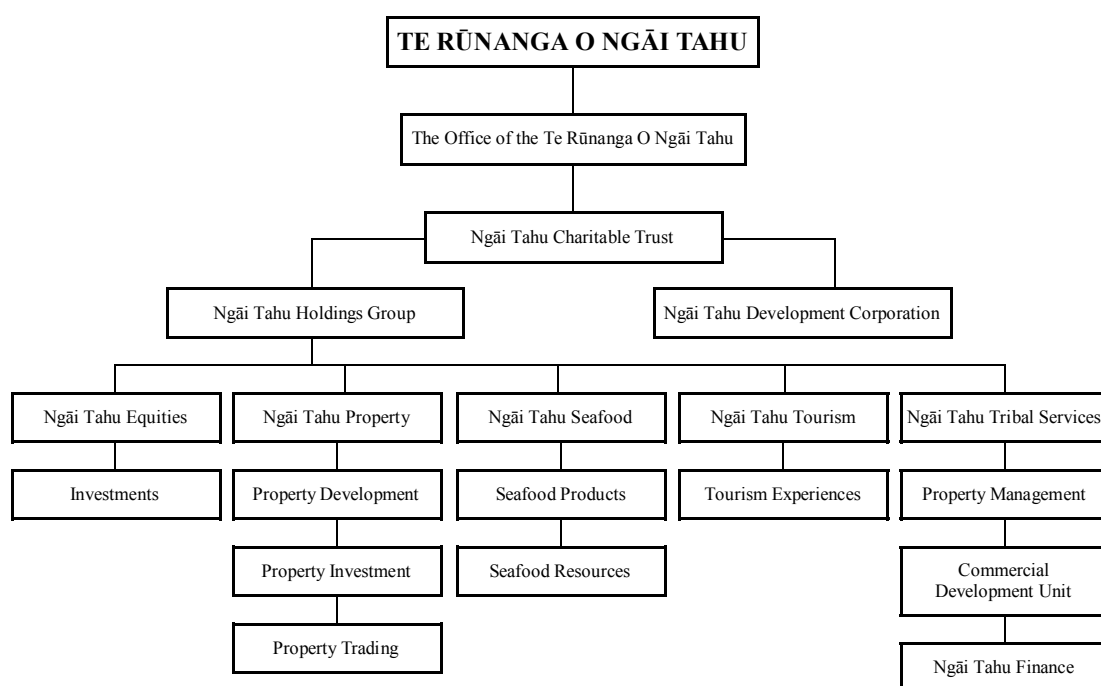
The body corporate's charter was created by an Act of Parliament in consultation with Ngāi Tahu. It set out such issues as voting rights, capital prudence issues and some direction on asset holdings with a percentage of assets required to be in property.

Both the Board and management are highly skilled in the type of investments in which the Group is involved. Risk management is a key to the investment strategy. An external party is required under the charter to audit the investment strategy. Ngāi Tahu maintain that sound governance is essential for a business of this size and complexity.

There was opposition to this structure at the time of its establishment. Some people thought that the money received from settlement should be distributed immediately or used for social programs. The idea was finally accepted that wealth should be preserved for future generations, an important idea for Maori people.

The Holdings Group now use the motto, “Mō tātou, ā, mō kā uri āmuri ake nei,” which translates as “For us and our children after us.”⁸

The acceptance of saving for the future sees 60% of profit being distributed to the Ngāi Tahu Charitable Trust in the 2003 financial year. This amounted to \$14.8 million. The aim is to distribute 50% of profit and reinvest the balance to grow overall assets. To date the original \$153 million received at settlement has grown to total assets worth \$350 million. The Group would like to control assets worth \$1 billion in ten years time.



Ngāi Tahu Holdings Group Structure

THE GROUP HAS FIVE MAIN AREAS OF OPERATION: PROPERTY, SEAFOOD, TOURISM, EQUITIES AND TRIBAL SERVICES.

Examples of the portfolio managed by Ngāi Tahu Property includes:

- ◆ Construction and leasing of bulk retail centre with tenants such as Bunnings Hardware;
- ◆ Subdivision of an industrial park in Christchurch; and
- ◆ Residential developments.

Ngāi Tahu Fishing operates:

- ◆ Globe Fisheries, lobster and fish exporters;
- ◆ Paua Supplies, abalone processors;

- ◆ Joint Venture with Pacific Trawling Limited;
- ◆ Proposed 20% share of a mussel aquaculture farm estimated to produce \$90 million worth of export mussels and 600 jobs; and
- ◆ Cook Strait Seafoods, a vertically integrated seafood business.

Ngāi Tahu Tourism owns a majority share (88%) of the listed Shotover Jet Ltd and a minority share (43%) of Whale Watch Kaikoura Ltd, two New Zealand tourism icons.

Ngāi Tahu Equities main investments are a shareholding in Ryman Healthcare, a member of the New Zealand Stock Exchange 50, and Proseed New Zealand, the country's leading supplier of tree seed products to the New Zealand forestry industry.

Ngāi Tahu Tribal Services operates Ngāi Tahu Finance, which services Ngāi Tahu members, and commercially manages a number of culturally important land assets.

The Group now employs over 500 people.

The drive to distribute profit to members never really went away and in September 2004 Ngāi Tahu announced a proposal to share some of its wealth.⁹ While continuing to distribute profit through the Charitable Trust, Ngāi Tahu is considering also distributing in the following way:

- ◆ Each year Ngāi Tahu will set a maximum amount that it will match to each individual's savings record in a nominated bank account, provided a certain number of deposits are made;
- ◆ Savings will only be able to be used for non publicly funded education, to buy a home or for retirement;
- ◆ Members must be 18 to draw down savings unless they start university early;
- ◆ Restrictions will be lifted at age 55;
- ◆ Additional benefits like discounted health insurance, free health checks and financial education are being considered.

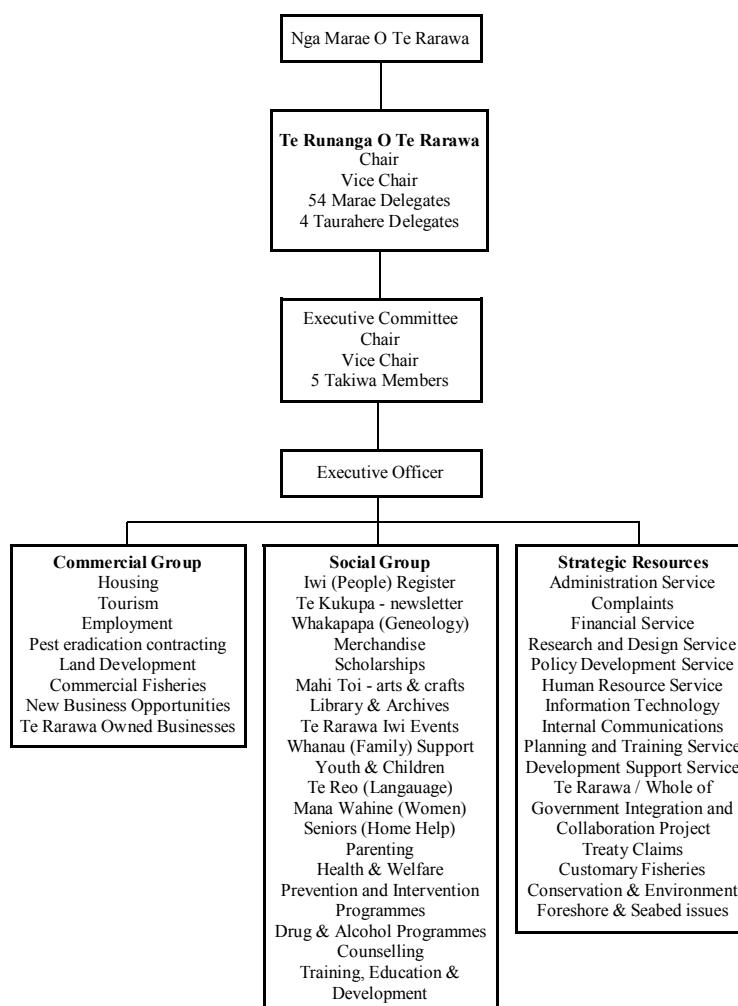
7.2 TE RŪNANGA O TE RARAWA

Te Rarawa is a collective name for a number of groups in the north of Aotearoa and is based in the town of Kaitaia. About 60 people are directly employed by Te Rarawa. Te Rarawa has not settled under the Treaty of Waitangi but knows that it must prepare to do so. Settlement is likely to mean \$20 to \$30 million will need to be invested. In addition the Act recently passed to settle fishing rights under the Treaty will mean further substantial resources becoming available.

Te Rarawa operates all of its units under the one Charitable Trust with a single Board overseeing all units. Discussions have been going on to consider separating out commercial activities but to date this has not occurred. The current structure is set out below.

The Commercial Group operates four main income producing enterprises including building, fishing, pest eradication and waste management. Tourism in its infancy as a project.

The building section develops housing for members of the community according to need. Houses are built through either loan funds arranged by Te Rarawa, in which case ownership is with the family paying the rent, or through public funds in which case the houses are owned by Te Rarawa or one of its member Marae organisations.



Te Runanga O Te Rarawa Structure

The fisheries owns an annual fishing quota and Te Rarawa Fisheries Ltd. The quota is on leased for \$270,000 per year. Te Rarawa Fisheries Ltd owns the vessel San Antonio and fishes on a commercial basis.

Pest Eradication operates in conjunction with the Department of Conservation and Local Government. The main area of business is possum eradication (a pest in New Zealand) under contract to the above organisations.

All together the businesses turn over about \$1.35 million per year.

Changes will be necessary to manage a much larger amount of funds and to protect its future once settlement under the treaty of Waitangi has occurred. The current manager has indicated that someone else will be required to manage the organisation

at that stage and that major changes to structure will be required. Ngāi Tahu is being considered as a model.

7.3 CONCLUSIONS FROM AOTEAROA

- ◆ Partnerships amongst Maori organisations in delivery of programs is a feature.
- ◆ Other organisations are considering using Ngāi Tahu as a model for development post settlement of the Treaty of Waitangi.
- ◆ Settlement has provided economy of scale for Maori organisations to develop economically.
- ◆ Safeguards (risk management) have been put in place via legislation to protect investments.
- ◆ Investments have been diversified with a set amount (by legislation) in property.
- ◆ Organisations have recognised the need for expert managers and skilled board members.
- ◆ Sound governance is essential.
- ◆ There was some initial and ongoing opposition to the investment structure at Ngāi Tahu.
- ◆ Profit is distributed to social programs and reinvestment on a 50/50 basis.
- ◆ Use of traditional Maori beliefs have been used to “sell” the 50/50 distribution – “For us and our children after us.”
- ◆ Consideration is being given to some profit being distributed to individual under strict guidelines for its use.

8. REFERENCES

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- ¹ Te Maire Tau, representative of Tuahuriri Runanga, member organisation of Te Runanga O Te Ngāi Tahu in Spratt, A. 2004. *Iwi Plans to Share its Wealth*, The Press, September 23, Christchurch, p. 1.
- ² The Harvard Study began 17 years ago and is based on American Indian Economic Development. More information can be found at www.ksg.harvard.edu/hpaied/index.
- ³ *Aboriginal Business Canada and You*. Aboriginal Business Canada Catalogue No. Iu70-4/3-2004E.
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- ⁵ *Sámediggi – the Sámi Parliament: The Elected Assembly of the Sámi People*. Sámediggi, Karasjok, Norway, 2004.
- ⁶ Pettersen, O. 2002. *The Vision That Became Reality: The Regional Barents Cooperation 1993-2003*. The Barents Secretariat, Kirkenes, Norway.
- ⁷ Ibid.
- ⁸ Ngāi Tahu Holdings Corporation Ltd. 2003. *Ngāi Tahu Holdings Group: Annual Report 2003*. Christchurch.
- ⁹ Spratt, A. 2004. *Iwi Plans to Share its Wealth*, The Press, September 23, Christchurch, p. 1.